



CITY OF HOUSTON

Sylvester Turner

Mayor

Jerry Adams
Chief Procurement Officer
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November 15, 2021

SUBJECT: Letter of Clarification No. 7
Houston Airport Systems - Food and Beverage and Retail Concessions

REFERENCE: Request for Proposals (RFP) No.: S76-T30019

TO: All Prospective Proposers

This Letter of Clarification is issued for the following reasons:

- **To extend the solicitation due date to December 10, 2021 at 3:00 PM (CT).**
- To clarify the revisions made in Letter of Clarification No. 6 by removing, in their entirety, Page Nos. 9, 10, and 26 of the RFP for the **Food and Beverage Package One** and replace with Page Nos. 9, 10, and 26 marked **Revised November 15, 2021**.
- To clarify the revisions made in Letter of Clarification No. 6 by removing, in their entirety, Page Nos. 56, 57, and 70 of the RFP for the **Retail Package Two** and replace with Page Nos. 56, 57, and 70 marked **Revised November 15, 2021**.
- To remove, in its entirety, Section 1.5.3 from **Food and Beverage Package One** Part II – Scope of Work/Specifications, 1.5 Compensation to the City. See attached Page No. 10 marked **Revised November 15, 2021**.
- To remove, in its entirety, Section 1.5.3 from **Retail Package Two** Part II – Scope of Work/Specifications, 1.5 Compensation to the City. See attached Page No. 57 marked **Revised November 15, 2021**.

When issued, Letter(s) of Clarification shall automatically become a part of the solicitation documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. All revisions, responses, and answers incorporated into the Letter(s) of Clarification are collaboratively from both the Strategic Procurement Division and the Houston Airport System. It is the responsibility of the proposer to ensure that it has obtained all such letter(s). By submitting a proposal on this project, proposers shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into their proposals.

Should you have questions or need further clarification regarding this solicitation, please contact Bridget Cormier at bridget.cormier@houstontx.gov, or 832.393.8715.

Regards,

DocuSigned by:

Jerry Adams

Jerry Adams

Chief Procurement Officer

Council Members: Amy Peck Tarsha Jackson Abbie Kamin Carolyn Evans-Shabazz Dave Martin Tiffany D. Thomas Greg Travis Karla Cisneros Robert Gallegos Edward Pollard Martha Castex-Tatum Mike Knox David W. Robinson Michael Kubosh Letitia Plummer Sallie Alcorn

Controller: Chris Brown

Concessionaire's level of gross sales or financial performance. The Concessionaire hereby agrees to waive and release any and all claims, actions, causes of actions, suits, debts, accounts, covenants, contracts, controversies, agreements, promises or demands of any nature whatsoever, whether known or unknown, which the Concessionaire may have against the City, its past, present and future employees, officers and legal representatives relating in any way to the Operator's reliance upon the RFP process.

1.3 AIRPORT IMPROVEMENT PROJECTS

1.3.1 International Terminal Redevelopment Program ("ITRP"). ITRP is currently re-designing ALL of Terminal D as well as the FIS area of their scope. Phase (1) of MLIT will be completed by end of 2022, Phase (2) will be finished by the end of 2023 and the last phase will be completed by end of 2024.

~~1.3.2 The City will procure a third-party contractor to provide all receiving, handling, and transfer/delivery services for all or any portion of the Concessionaires operating at the Airport in accordance with the policies the HAS Director believes in his discretion to be in the best interest of the City.~~

~~1.3.3 Concessionaires will be required to exclusively utilize the services of the third-party contractor for all receiving, handling and transfer/delivery services required by Concessionaire.~~

~~1.3.4 Concessionaire shall pay City a fee of 3% for receiving, handling and transfer/delivery services provided by the third party contract. These services and fees associated with the receiving, handling and transfer/delivery services shall be reviewed on an annual basis; however, the fee shall not exceed 3% of gross sales.~~

1.4 MINIMUM QUALIFICATIONS:

1.4.1 To be eligible to participate in this procurement, Concessionaire must meet the following minimum qualifications:

1.4.2 Submission of a complete proposal package completed in full response to this RFP.

1.4.3 Concessionaire shall explain in detail and provide evidence that Concessionaire has a minimum of three (3) years' prior experience within the last five (5) years in the marketing, development, operation, and management of food and beverage concessions at airports, other transportation facilities, shopping centers or malls. Such prior experience must be with operations as large or larger in size and scope to that being proposed in terms of square footage and/or sales volume.

1.4.3.1 Concessionaire must have and show the ability to finance and undertake the monetary commitments to successfully develop, construct, and operate the proposed development plan. Documents must include:

1.4.3.2 Sum of respondent's i) net working capital; ii) cash flow from existing operations, and iii) demonstrated access to credit of equity from external sources must be greater than the proposed investment in the concession (including proposed investment common area improvements and tenant/subtenant leasehold improvements).

1.4.3.3 If Concessionaire is relying on financial resources of a parent entity, joint venture partner,

or non-affiliated external source(s), which may include proposed subtenants, then Concessionaire must submit sufficient (audited) documentation as specified herein satisfactory to show that it meets the minimum financial qualification. Moreover, a corporate guaranty from any such parent entity or external source will be required to ensure Concessionaire's ability to complete the concessions development plan.

- 1.4.4 Concessionaire shall submit with its Proposal documentation that demonstrates Concessionaire is duly authorized to conduct business within the State of Texas.
- 1.4.5 If the Concessionaire is a partnership, joint venture or newly formed entity (e.g. limited liability company or corporation), the minimum requirements set forth in this Section 1.4 (and throughout the RFP) must be satisfied by the entity or individual(s) that owns and controls a majority equity (at least 51%) of the partnership, joint venture or newly formed entity.

- 1.4.5.1 **The City's public procurement process fosters effective broad-based competition for the public enterprise system. ~~The City believes that exclusivity arrangements between subconcessionaires during the procurement process are inconsistent with this objective.~~ Accordingly, Proposer may not take steps to restrict the ability of any subconcessionaire or potential subconcessionaire to participate as a subconcessionaire, with like brands or concepts or otherwise, to any other prime concessionaire submitting a proposal in response to this RFP or any other Airport Food & Beverage RFP issued by the City contemporaneously herewith. Proposer shall submit with its proposal EXHIBIT XVIII – "Certification Regarding Exclusive Subconcessionaire Agreements", contained in this RFP, FULLY EXECUTED BY PROPOSER AND ALL OF ITS SUBCONCESSIONAIRES.**

1.5 COMPENSATION TO THE CITY

- 1.5.1 In consideration of the rights and privileges to be granted to the Concessionaire by the City, each Concessionaire will pay the City, without demand the Percentage Fee (to equal the Percentage Fee Rate multiplied by gross revenue) **EXHIBIT III**
- 1.5.2 The Concessionaires shall propose a Percentage Fee Rate(s) for Food/Non-alcohol, Alcohol Beverages and related merchandise as needed. Proposed tier percentage fees **will not** be accepted.
- 1.5.3 ~~During the Term, in the event that the number of passengers enplaning at the Airport during any three-month or longer period shall be less than or equal to eighty percent (80%) of the number of such enplaning passengers for the corresponding period in calendar year 2019 (the last full year of normal enplanements prior to the impacts of the COVID-19 pandemic) ("Baseline Year"), then the Percentage Fee Rate shall be reduced by a commensurate percentage. By way of illustration only, if enplanements were down sixty percent (60%) for such a period, then the Percentage Fee Rate would be reduced by forty percent (40%) for that period. Similarly, in the event that the number of passengers enplaning at the Airport during any three-month or longer period, shall be more than or equal to 120 percent (120%) of the number of such enplaning passengers for the corresponding period in the Baseline Year, the Percentage Fee Rate shall be increased by a commensurate percentage. In either such event, the City will provide Concessionaire with a rent credit or debit memo with the applicable amount to be used to offset or add, respectively, to the next Percentage Fee payment.~~

1.6 MARKETING FEE

- 1.6.1 Concessionaire shall expend a minimum of .50% of Gross Sales per Agreement year beginning on the Effective Date and continuing through expiration of the Agreement for the implementation

If Proposer is a privately-owned entity or sole proprietorship for which audited financial statements are not required, Proposer shall submit an annual report that includes:

- 5) Last two years of un-audited accrual-basis financial statements, including an income statement, cash flow statement, and balance sheet;
- 6) An audited or un-audited accrual-basis financial statement of the most recent quarter of operation; and
- 7) A full disclosure of any events, liabilities, or contingent liabilities that could affect Proposer's financial ability to perform this contract;

OR

- 8) Other financial information sufficient for the City, in its sole judgement, to determine if Proposer is financially solvent or adequately capitalized.

1.6.9 **ACDBE Participation**

(Pass/Fail)

This criterion is based on the Proposer's Airport Concessions Disadvantaged Business Enterprise Plan submitted.

~~1.6.10 **Local Preference Points**~~

~~To be eligible for the preference, a company must be designated as a *City Business (CB)* or *Local Business (LB)* under the Hire Houston First Program prior to Submission. Respondents must provide *Declaration of Hire Houston First Designation* with Submission. At the conclusion of scoring Submissions, Hire Houston First preference points shall be distributed in such a way that grants the highest number of points to a City Business (CB) and the next highest number of points to a Local Business (LB).~~

- ~~• **5 Points:** For Proposer firm designated as a Hire Houston First "City Business" (CB);~~
- ~~• **3 Points:** For Proposer firm designated as a Hire Houston First "Local Business" (LB);~~
- ~~• **0 Points:** For Proposer firm not designated as either a "City Business" (CB) or a "Local Business" (LB)~~

~~HAS may solicit from other departments of the City, other government agencies or any other available sources, relevant information concerning the Proposer's record of past performance~~

1.7. **ADDITIONAL RELATED SERVICES**

- 1.7.1 In submitting its Proposal, Proposer(s) shall indicate a willingness to negotiate future potential additional services deemed appropriate for the food and beverage concession services, as provided herein, or deemed necessary and/or desirable by the City.

1.8. **INVOICING**

- 1.8.1 The City is a single entity for accounting, billing, and discounting. Any invoices accompanied by detailed supplements and other backup documents are to be submitted for payments to:

**Houston Airport System
Attention: Accounts Payable
P. O. Box 60106
Houston, Texas 77205**

of any nature whatsoever, whether known or unknown, which the Concessionaire may have against the City, its past, present and future employees, officers and legal representatives relating in any way to the Operator's reliance upon the RFP process.

1.3 AIRPORT IMPROVEMENT PROJECTS

1.3.1 International Terminal Redevelopment Program ("ITRP"). ITRP is currently re-designing ALL of Terminal D as well as the FIS area of their scope. Phase (1) of MLIT will be completed by end of 2022, Phase (2) will be finished by the end of 2023 and the last phase will be completed by end of 2024.

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~~1.3.3 Concessionaires will be required to exclusively utilize the services of the third party contractor for all receiving, handling and transfer/delivery services required by Concessionaire.~~

1.4 MINIMUM QUALIFICATIONS:

1.4.1 To be eligible to participate in this procurement, Concessionaire must meet the following minimum qualifications

1.4.2 Submission of a complete proposal package completed in full response to this RFP.

1.4.3 Concessionaire shall explain in detail and provide evidence that Concessionaire has a minimum of three (3) years' prior experience within the last five (5) years in the marketing, development, operation, and management of news, gift and specialty retail at airports, other transportation facilities, shopping centers, or malls. Such prior experience must be with operations as large or larger in size and scope to that being proposed in terms of square footage and/or sales volume.

1.4.3.1 Concessionaire must have and show the ability to finance and undertake the monetary commitments to successfully develop, construct, and operate the proposed development plan. Documents must include:

1.4.3.2 Sum of respondent's i) net working capital; ii) cash flow from existing operations, and iii) demonstrated access to credit of equity from external sources must be greater than the proposed investment in the concession (including proposed investment common area improvements and tenant/subtenant leasehold improvements).

1.4.3.3 If Concessionaire is relying on financial resources of a parent entity, joint venture partner, or non-affiliated external source(s), which may include proposed subtenants, then Concessionaire must submit sufficient (audited) documentation as specified herein satisfactory to show that it meets the minimum financial qualification. Moreover, a corporate guaranty from any such parent entity or external source will be required to ensure Concessionaire's ability to complete the concessions development plan.

1.4.4 Concessionaire shall submit with its Proposal documentation that demonstrates Concessionaire is duly authorized to conduct business within the State of Texas.

1.4.5 If the Concessionaire is a partnership, joint venture or newly formed entity (e.g. limited liability

company or corporation), the minimum requirements set forth in this Section 1.4 (and throughout the RFP) must be satisfied by the entity or individual(s) that owns and controls a majority equity interest (at least 51%) of the partnership, joint venture or newly formed entity.

14.5.1 The City's public procurement process fosters effective broad-based competition for the public enterprise system. ~~The City believes that exclusivity arrangements between subconcessionaires during the procurement process are inconsistent with this objective.~~ Accordingly, Proposer may not take steps to restrict the ability of any sub concessionaire or potential sub concessionaire to participate as a sub concessionaire, with like brands or concepts or otherwise, to any other prime concessionaire submitting a proposal in response to this RFP or any other Airport News, Gift and Specialty Retail RFP issued by the City contemporaneously herewith. Proposer shall submit with its proposal EXHIBIT XVIII – "Certification Regarding Exclusive Sub Concessionaire Agreements", contained in this RFP, FULLY EXECUTED BY PROPOSER AND ALL OF ITS SUBCONCESSIONAIRES.

1.5 COMPENSATION TO THE CITY

1.5.1 In consideration of the rights and privileges to be granted to the Concessionaire by the City, each Concessionaire will pay the City, without demand, a sum equal to the Percentage Fee (to equal the Percentage Fee Rate multiplied by gross revenues) **EXHIBIT III**

1.5.2 The Concessionaire shall propose a Percentage Fee Rate(s) for news, gift and specialty retail as needed. Proposed tier percentage fees **will not** be accepted.

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1.6 MARKETING FEE

1.6.1 Concessionaires shall expend a minimum of .50% of Gross Sales per Agreement year beginning on the Effective Date and continuing through expiration of the Agreement for the implementation of its marketing plans and updates.

1.6.2 In addition, Concessionaire shall pay a marketing fee of 0.50% of gross sales to the City. The marketing fee will be deposited into a fund that will be managed by the City.

1.7 INITIAL CAPITAL INVESTMENT AND IMPROVEMENTS

1.7.1 The City requires a minimum capital investment of \$350.00 per square foot for each location described in each package (to include improvements such as build out, fixtures, furnishings and equipment).

1.7.2 The City reserves the right to review and approve all improvements and subsequent changes

- 4) A full disclosure of any events, liabilities, or contingent liabilities that could affect Proposer's financial ability to perform this contract.

If Proposer is a privately-owned entity or sole proprietorship for which audited financial statements are not required, Proposer shall submit an annual report that includes:

- 5) Last two years of un-audited accrual-basis financial statements, including an income statement, cash flow statement, and balance sheet;
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OR

- 8) Other financial information sufficient for the City, in its sole judgement, to determine if Proposer is financially solvent or adequately capitalized.

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1.8 INVOICING

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**Houston Airport System
Attention: Accounts Payable
P. O. Box 60106
Houston, Texas 77205**

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Yesenia Chuca



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City of Houston IT Services

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Carolyn Hanahan



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carolyn.hanahan@houston.tx.gov

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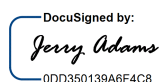
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Jerry Adams



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jerry.adams@houston.tx.gov

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Chief Procurement Officer

Signed: 11/16/2021 6:52:48 AM

City of Houston IT Services

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(None)

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Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	11/15/2021 1:06:12 PM
Certified Delivered	Security Checked	11/16/2021 6:52:27 AM
Signing Complete	Security Checked	11/16/2021 6:52:48 AM
Completed	Security Checked	11/16/2021 6:52:48 AM
Payment Events	Status	Timestamps